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ABSTRACT

Although young people across the United States have suffered disproportionately in the recent recession, the economic and social effects of high levels of youth unemployment have received only scant media and political attention and few state or federal dollars. Analyses of successful youth and young adult programs identified seven core principles underpinning successful programs to stimulate youth employment. Selected elements of those principles are as follows: (1) maintaining strong and effective connections between the program and employers; (2) focusing primarily on placing youths into paid positions; (3) viewing the initial job placement is one step in a continuing and long team relationship with the program/initiative to advance the participant's employment and income potential; (4) giving participants opportunities to gain additional skills and certification; (5) providing long-term support and assistance; (6) maintaining effective connections between the program and external providers of basic supports; and (7) providing financial and other incentives for good performance, peer group activities, and leadership opportunities. Public policies to supporting the following strategies are especially needed: (1) improve the employment potential of out-of-school and out-of-work young adults; (2) involve the not-for-profit and private sectors in job creation; and (3) increase opportunities for young people to gain additional training and embark on a career ladder. (9 tables/charts) (MN)

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The Young, the Restless and the Jobless:

The Case for a National Jobs Stimulus Program Targeted on America's Young Adults

JOHNS HOPKINS
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The Young, the Restless and the Jobless: The Case for a National Jobs Stimulus Program Targeted on America's Young Adults

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Sar A. Levitan

The Sar Levitan Center for Social Policy Studies at the Johns Hopkins University was organized in 1995 to commemorate and extend the works of Sar A. Levitan, public policy commentator extraordinaire who died in May 1994 after 44 years of selfless public service on the national scene.

Levitan came to Washington in 1950 after military service and completion of his Ph.D. in Economics at Columbia University to serve on the staff of the Korean era Wage Stabilization Board. He remained thereafter with the Legislative Reference Service, researching and enlightening at congressional request issues related to labor relations, employment and economic development. On loan from LRS, he served on the staff of Senator Eugene McCarthy's 1959 Select Committee on Unemployment, in 1960-61 as Deputy Director of the Presidential Railroad Commission and then as advisor to Senator Paul Douglas in the formulation of the Area Redevelopment Act, the start of the Kennedy New Frontier.

Aware that pioneer social policies would need friendly critics to keep their administrators focused, he obtained a grant from the Ford Foundation which the Foundation itself has described as the longest lasting and most productive in its history. For thirty years thereafter, he was to advocate, evaluate, criticize, or praise (wherever and whenever deserved) every significant legislative act, policy and program related to employment, education, training or poverty during those tumultuous years.

Levitan was not satisfied with a 36-page bibliography of books, monographs, articles, congressional testimony and speeches. When cancer ended his life just short of his eightieth birthday, he left the bulk of his life savings to the National Council on Employment Policy, an organization he had helped organize and then single-handedly perpetuated, charging his closest friends to continue his life's crusade.

The NCEP in turn funded the Sar Levitan Center for Social Policy Studies, which is the sponsor of this publication series.

Therefore to Sar A. Levitan this publication is lovingly dedicated.

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Executive Summary

More than any other demographic group, America's young people - ages 16 to 24 - have disproportionately borne the brunt of the economic recession over the past 15 months, suffering some 53 percent of the near 2 million employment losses overall despite the fact that they comprised only 15 percent of the nation's civilian labor force.

Total employment among the nation's young adults declined by nearly one million from the late fall of 2000 through the early winter of 2002, representing a near five percent drop in their employment levels versus a less than one percent decline in employment among the nation's older adults (25 and older). Employment declines among young adults were particularly steep among teens (-10%), in-school and out-of-school youth, men, Blacks, and out-of-school youth with no post-secondary degree. The job losses experienced by these young adults nixed all of the hard won employment gains that they had made in the labor market boom of the 1990s. By the winter of 2002, the seasonally adjusted employment rates of the nation's 16-24 year olds were actually 2 to 3 percentage points below those prevailing at the bottom of the 1990-91 recession.

The economic and social effects of their higher levels of joblessness (lower incomes, decreased spending power, reduced work experience and on the job training, higher rates of criminal activity, idleness, and aimlessness) should be cause for immediate concern. Yet, scant media or political attention and few federal or state dollars have been funneled directly toward efforts to get them back into the ranks of the employed. The recent passage by the U.S. Congress of an extension of unemployment insurance benefits to the long-term unemployed will do little to nothing for most jobless youth since so few of them (under 10%) are eligible for unemployment benefits. The economic stimulus package provides no boost whatsoever to the employment prospects of the nation's young adults.

Even during the peak of the national economic boom in 2000, only 1 of 5 high school students living in poor families were able to obtain any type of job, and the employment ratio fell to 1 in 6 if that poor high

school student were Black or Hispanic. Only one-third of the nation's teenagers (16-19) living in high poverty neighborhoods were able to obtain a job. Among young high school dropouts (16-24 years old), only 55 percent were working, and that employment rate fell to 44% for poor high school dropouts and to 1 in 3 for poor Black dropouts, with full-time jobs being even considerably more scarce.

Can jobless youth do anything more than wait for a general labor market revival to reabsorb them into the ranks of the employed? Each year, an additional 800,000 to 900,000 youth will enter the ranks of the young adult population. The antidote to this youth joblessness malaise, however, comes in the form of a federal jobs stimulus program (Jobs for America's Young Adults - JAYA) that would provide funding for 500,000 to one million jobs for young adults. The act will fund subsidized public and community service jobs, private sector jobs, and provide a substantial additional investment in the Workforce Investment Act's youth programs. These programs will be designed and administered at the local level. The Act calls for well-designed and administered job creation programs to reenergize the work efforts, job skills, activism and community investment of our young people.

The rationale for the program is simple: many young adults could provide a range of valuable services, including tutoring and mentoring to poor and educationally disadvantaged youth through educational programs, improving public green spaces, lakes, rivers, public parks, and community facilities, spend time with the homebound elderly, assist health personnel and enhance the safety of our airports, public buildings, and city streets. With the proper funding in place and the right program leadership, a youth jobs stimulus program could offer young people not only a chance to funnel their energies in a productive fashion but also offer them opportunities for civic and social engagement, enable them to see the link between hard work and economic benefits, and give them real-world experience to augment their career and personal development. For every hour they worked, youth would accrue incentive monies that could be used only to finance future educational and job training investments. The economic payoffs would thus be in the present and future. Today provides a unique historical moment for the nation to re-commit itself to the productive employment, skills enhancement, and civic engagement of our next generation of adults.

Our economic and political future as a democracy could be enhanced through a proper level and commitment of resources to put the nation's youth back to work now.

The "Depression Status" of Young Adult Joblessness

That sound of rushing wind you heard during early Spring 2002 was a national sigh of relief upon the news that the 2001-2002 economic recession was believed by many analysts to already be economic history, although the National Bureau of Economic Research, the official arbiter of business cycles, has not yet declared an official end to the recession. That joyful sound was sustained despite speculation as to whether the recovery might be slowed into an L-shape as in 1991-92, be of the more rapid recovering classic V-shape or fall into a more troublesome W-shaped dual recession as in 1980-82. What few economic analysts or media commentators seemed to be noticing, however, was that the employment outlook for the nation's young adults 16-24 year old was not just a continued recession but a veritable depression as measured by their rising rates of joblessness. This monograph documents the magnitude and nature of that continuing threat and prescribes a range of proven cures, seeking consensus for congressional action during what is likely to be a troubled legislative year at best.

The Labor Market Status and Outlook for the Nation's Young Adults

Any reasonable analyst of labor markets would agree that a "jobless rate" approaching 25% is of depression magnitude, not a mere recession. Are there significant numbers of 16-24 year olds in the United

States who face such high levels of joblessness? Let's trace the recent labor market experiences of young adults and explore their near-term employment outlook.

2000-2002 Employment Declines in the U.S. by Age Group

Young adults typically have suffered above average rates of joblessness whenever the national economy enters a recession. For instance, the recession of 1990-91 followed by the so-called "jobless recovery" of 1991-92 was marked by a drop of 4.5 percentage points from 61.2% to 56.7% in the employment/population ratio of the nation's 16-24 year olds compared to a drop of only a little more than 1 percentage point for those 25 and older. Public concern over rising youth joblessness was not great at that time, partly because the numbers and proportions of young adults in the population and labor force were then declining as the result of low birth rates a generation earlier. But in retrospect, it is significant that the young adult employment rate never made a full recovery despite the economic prosperity that followed from 1992 to 2000, with the employment rate for all young adults climbing only back to 59.8% before a new though milder recession loomed at the close of 2000. By then, however, the new population cohort of young adults was experiencing rapid expansion from the "baby-boom echo," the children of the baby-boomers now becoming young adults. It was that milder and briefer 2001 recession which became more like a job depression for key subgroups of young adults.

Between December 2000/February 2001 and December 2001/February 2002, total employment among the nation's working-age adults (16 and older) declined from approximately 135.1 million to 133.2 million, a near two million drop representing a 1.4% reduction (See Table 1). Job losses among the nation's teens (16-19) were extraordinarily large, being equal to 633,000 or nearly 10%, while employment among 20-24 year-olds fell by 351,000 or 2.3% over the same time period. The total decline in employment among all 16-24 year old adults was 984,000 accounting for 53 percent of the total job losses among all U.S. adults over the past year, despite the fact that these young adults only represented 15% of all of those employed at the outset of this time period. Employment declines among adults 25 and older were equal to only 884,000 or -.8%. In contrast, the relative size of

the employment decline for the nation's young adults was equivalent to just under 5%, six times higher than that for the nation's older adults.[1] Had older adults experienced a 5% job loss, that would have been characterized by many analysts as a depression. Why should it not be so when the victims are younger?

Table 1:
Trends in Employment in the U.S. by Selected Age Group, December 2000-February 2001 to December 2001-February 2002
(Numbers in 1000s, not Seasonally Adjusted)

Age Group	(A) December 2000-February 2001	(B) December 2001 February 2002	(C) Absolute Change	(D) Relative Change (%)
16+	135,109	133,241	-1,868	-1.4
16-19	6,787	6,154	-633	-9.3
20-24	13,354	13,003	-351	-2.3
16-24	20,141	19,157	-984	-4.9
25+	114,968	114,084	-884	-.8

Source: U.S. Bureau of Labor Statistics, tabulations by authors.

The employment/population ratio for the nation's entire working-age population fell from 64.1% in December 2000/February 2001 to 62.5% in December 2001/February 2002, a decline of 1.6 percentage points (Table 2). During the same time period, the employment/population ratio of the nation's teenagers fell by 5.4 percentage points while that for 20-24 year olds dropped by 3.3 percentage points. For all 16-24 year olds combined, the E/P ratio fell from 58.0% to 54.3%, a drop of nearly 4 full percentage points. The steep decline in the E/P ratio of young adults was influenced by a rapid rise in their total numbers (up by 800,000) while

[1] For recent evidence on the lack of employment opportunities for minority male youth in selected central cities and among poor high school students, see: Harry Holzer, *Left Behind in the Labor Market: Recent Employment Trends Among Young Black Men*, Washington, D.C.: Brookings Center on Urban and Metropolitan Policy, 2002; Andrew Sum, Neeta Fogg, and Garth Mangum, Confronting the Youth Demographic Challenge, Sar Levitan Center for Social Policy Studies, the Johns Hopkins University, Baltimore, 2000.

the number of employed young adults fell by nearly a million. This steep decline in their E/P ratio over the past year more than completely offset the 3.1 percentage point gain in their E/P ratio during the economic boom years from 1993-2000. By December 2001/February 2002, the E/P ratio for the nation's young adults was several percentage points below where it was at the bottom of the 1990-91 recession. Eight years of employment rate gains for young adults in the 1990s were eliminated in just a little more than one year of economic decline.

The employment problem is a general one for young adults throughout the nation, though employment rates vary substantially by state, metropolitan area and central city. While the employment/population ratio for 16-24 year olds in 2000 was 59.8% for the U.S. as a whole, the E/P ratios of the young adults in the highest ten states varied between 66.8% for Michigan and 73.6% for Nebraska while those of the lowest ten states ranged from 54.7% for South Carolina down to 49.6% for Louisiana. Young adults in many of the nation's large central cities and especially in high poverty neighborhoods within these cities face extraordinarily limited employment prospects. Job prospects were especially bleak for those young adults lacking a high school diploma or a GED certificate. For example, only 54% of all young adult dropouts (16-24) were employed in March 2001. The employment rate declined to 31% for young Black high school dropouts and to only 25% for young Black dropouts in poor families.

In comparison, the E/P ratio for the nation's older adults (25 and older) declined by only 1.1 percentage points between December 2000/February 2001 and the corresponding 2001/2002 period (Table 2). The drop in the E/P ratio for young adults was, thus, nearly four times higher than among older adults. The 2001 economic recession and the decline in jobs in U.S. labor markets had clearly disproportionately burdened young adults, but their labor market plight has received scant attention from the nation's media or national economic policymakers on either side of the political spectrum. Both the Bush administration and the U.S. Congress have largely ignored the growing labor market plight of the nation's young adults. The Enron collapse which filled the daily newspapers, weekly magazines, and the nightly TV news affected only 5,000 workers directly while the recession eliminated 200 times as many jobs for young adults.

Chart 1:
Employment Rates of 16-24 Year Old High School Dropouts in the U.S., March 2001

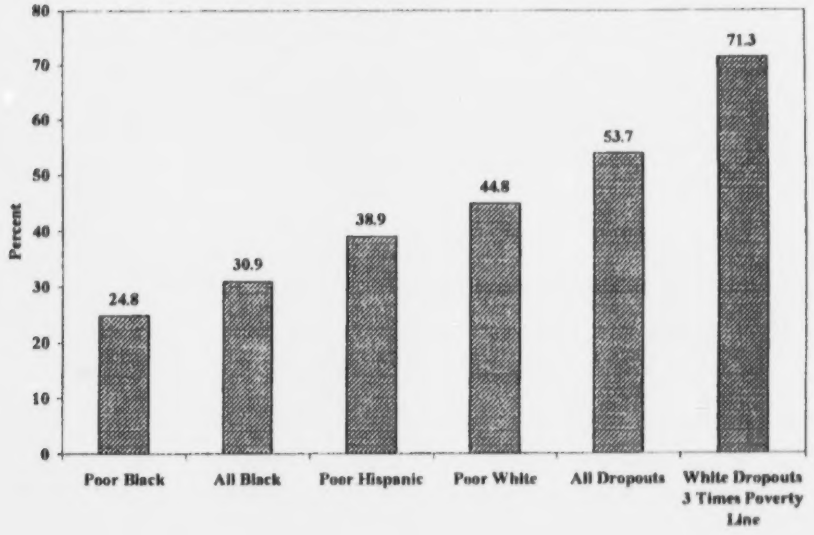


Table 2:
Trends in Employment/Population Ratios in the U.S. for Selected Age Groups, December 2000-February 2001 and December 2001-February 2002
(in %, Not Seasonally Adjusted)

Age Group	(A) December 2000-February 2001	(B) December 2001 February 2002	(C) Change (B - A)
16+	64.1	62.5	-1.6
16-19	43.3	37.9	-5.4
20-24	71.4	68.1	-3.3
16-24	58.0	54.3	-3.7
25+	65.3	64.2	-1.1

The declines in employment rates among the nation's young adults between the late fall/early winters of 2001 and 2002 were quite substantial among both in-school youth (-3.6 percentage points) and out-of-school youth (-3.2 percentage points), among high school students and college students, among men and women, and especially among those out-of-school youth who lacked a bachelor's degree. (Table 3).

Table 3:
Changes in the Employment/Population Ratios of Selected Subgroups of 16-24 Year Olds in the U.S., November/December 2000 and January/February 2001 to November/December 2001 and January/February 2002
(Numbers in Percentage Points, not Seasonally Adjusted)

Group	(A) Nov.-Dec. 2000/ Jan./Feb. 2001	(B) Nov.-Dec. 2001/ Jan./Feb. 2002	(C) Change (B - A)
All	58.2	54.4	3.8
Enrolled	44.8	41.2	-3.6
High school student	32.5	28.9	-3.6
College student	57.2	53.7	-3.5
Not Enrolled	74.2	71.0	-3.2
High school dropout	57.6	54.8	-2.8
High school graduate	75.6	71.4	-4.2
1-3 years college	82.5	78.5	-4.0
College graduate	89.8	88.7	-1.1

Young high school graduates and those out-of-school youth with some college but no bachelor's degree have been particularly hard hit. The E/P ratio of those who had not completed high school was already so low that the further decline was not as large in percentage terms, but has been dropping more rapidly in subsequent months.

During the winter months of 2002, there were 4.67 million 16-24 year olds who were both out-of-school and out-of-work, representing one of every six 20-24 year olds and 1 of every 5 Black youth ages 20-24. Of all employed out-of-school youth, approximately 1 of 5 were only employed part-time, with the part-time share rising close to 30% for employed teens. Full-time employment/population ratios in recent

months were particularly low for dropouts in general (only 36%) and for young Black dropouts, of whom only 1 of 5 were working full-time. Lacking among many of the jobless and lower wage workers were meaningful work experience and substantial employability skills. There is ample evidence that being out-of-school and out-of-work at this time of life, or even working sporadically at very low wages, will dampen their lifetime earnings outlook in the absence of substantial remedial efforts. Therefore, relatively few of these jobless and underemployed young adults can ever be expected to rise to family-sustaining earnings without subsequent access to both work experience and a second chance at meaningful education and skill training.

The deterioration in employment opportunities among young adults has affected every gender and race-ethnic group (Table 4). The E/P ratio of young men fell by 4.2 percentage points while that of young women declined by 3.3 percentage points. Black, Hispanic, and White youth experienced sharp declines in their employment rates over the January/February 2001-January/February 2002 time period, but Black youth were most adversely affected. Among all Black youth, the employment rate declined by 5.3 percentage points over this time period and among Black out-of-school youth the employment rate declined by nearly 7 percentage points, wiping out nearly all of the hard won employment gains among this group between 1992 and 2000 (Chart 2).[2]

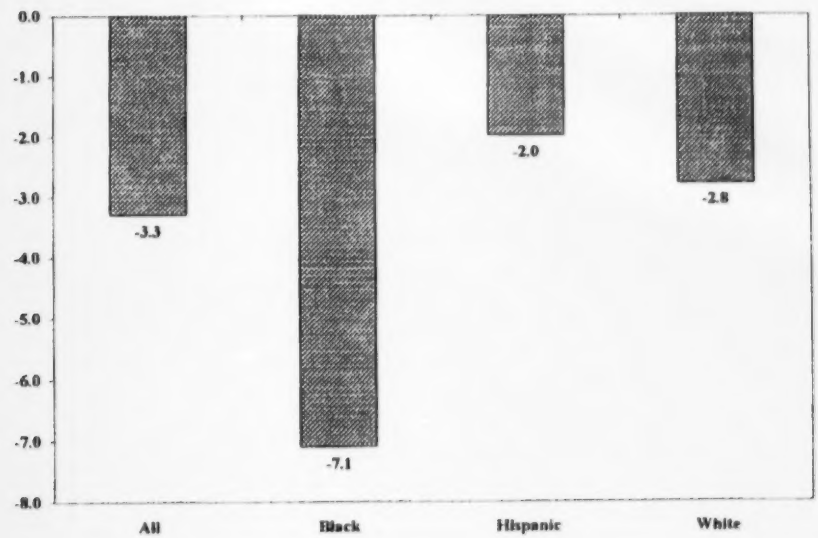
Table 4:
Changes in the Employment/Population Ratios of 16-24 Year Old Young Adults in the U.S., by Gender and Race/Ethnic Origin
January/February 2001-January/February 2002
(in %, not seasonally adjusted)

Group	(A) January/ February 2001	(B) January/ February 2002	(C) Change (B-A)
All 16-24	57.2	53.5	-3.7
Men	58.2	54.0	-4.2
Women	56.2	52.9	-3.3
Black*	44.5	39.2	-5.3
Hispanic	55.7	53.0	-2.7
White*	60.4	56.9	-3.5

Notes: * White and Black totals can include Hispanics.

[2]For a review of Black youth employment gains in the 1990's, See: Andrew Sum, Neeta Fogg, and Garth Mangum, Confronting the Youth Demographic Challenge, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Baltimore, 2000.

Chart 2:
Changes in the E/P Ratio of Selected Subgroups of Out-of-School 16-24 Year Olds, Three Month Averages, November 2000-January 2001 to November 2001-January 2002



The Political Response

Despite the dramatic job losses among each of these young adult groups, little attention has been paid by national policymakers to their deepening labor market problems, and available funding for youth employment and training programs has been reduced, not expanded.[3] Further cuts in youth programs were contemplated by the Bush Administration in its budget request for FY 2003. Youth activities of the Workforce Investment Act which received $1,129 million for 2001 and an estimated $1,128 million for 2002 were recommended in the Bush Administration budget for only $1,001 million in PY2003. The youth opportunity grants of $268 million in 2001 and $244 million in

[3]For a recent exception, see: Marla Dickinson, "Latino Job Seekers Find Born in USA Not Enough," *Los Angeles Times*, April 2, 2002.

2002 were recommended for only $214 million. Only the national Job Corps program among youth-oriented employment and training programs was recommended for a funding increase from $1,431 million in 2002 to $1,526 million in 2003. The economic stimulus package passed by the U.S. Congress in March 2002 did not include any funding for new job creation and training programs for young adults, despite the fact that few unemployed young adults (8%) are eligible for unemployment benefits, existing WIA monies for youth employment and training programs can serve only a tiny fraction (less than 1 percent) of the eligible population, and funding for summer youth jobs programs was completely eliminated in previous years by the U.S. Congress. Neither President Bush in his January 2002 State of the Union message nor U.S. Representative Richard Gephardt in the Democratic response mentioned the growing labor market plight of the nation's young adults. Youth appear to be both out of sight and out of mind, except for their service in the nation's armed forces, including their presence in the international fight against terrorism.

The Outlook

The national jobs picture improved modestly during early 2002 with a decline in the aggregate employment rate from 5.8% in December 2001 to 5.5% in February 2002; however, the overall unemployment rate rose back to 5.7% in March. It is highly unlikely that there will be any quick turnaround in the labor market situation for the nation's young adults. Experience during the recovery from the 1990-91 national recession, already cited, indicates that there are fairly substantial time lags between the official end of a recession and substantive improvements in the E/P ratio for young adults. It took three years of job growth from 1991 to 1994 before the E/P ratio of the nation's young adults had increased by one percentage point above its 1991 level and, as noted, it never did return to its 1989 level, despite eight years of steady job growth. In fact, the E/P ratio of young adults continued to decline in 1992 despite renewed output and job growth during that year. The "jobless recovery" of 1992 may be a particularly apt description for the nation's young adults ten years later.

The nation's young adults are quite likely to find themselves in an even more precarious labor market position this time around for sever-

al reasons. First, in contrast to the situation in the early 1990s when the nation's young adult population was declining, the number of 16-24 year olds is now rising and will continue to grow at an above average rate over the next ten years (Table 5). During the past year alone, the U.S. Census Bureau has estimated that the civilian non-institutional population of 16-24 year olds rose by 800,000 or 1.7%.[4]

Table 5:
Actual and Projected Numbers of 16-24 Year Old Residents of the U.S., Selected Years, 1995 to 2010
(in Millions)

Population Group	(A) 1995	(B) 2000	(C) 2005	(D) 2010
16-24, All	32,155	34,124	36,638	38,733
16-24, Men	16,398	17,385	18,666	19,740
16-24, Women	15,757	16,738	17,971	18,993
16-24, Hispanic	4,151	4,764	5,556	6,674
16-24, White, non-Hispanic	21,898	22,735	23,781	24,069
16-24, Black, non-Hispanic	4,620	4,884	5,245	5,635
16-24, American Indian, non-Hispanic	278	318	35	353
16-24, Asian, non-Hispanic	1,196	1,420	1,698	1,990

Source: U.S. Census Bureau, National Population Projections, web site, 1999, tabulations by author.

Second, documented and undocumented foreign immigration among young adults has been quite high and consistently underestimated by the U.S. Census Bureau over the past decade.[5] During the early stages of

[4]These findings are based on the population estimates for young adults in the CPS household surveys for January 2001 and January 2002.

[5]For an overview of foreign immigration developments in the U.S. during the 1990s, see: Andrew Sum, Paul Harrington and Neeta Fogg, *An Analysis of the Preliminary Census Estimates of the Resident Population of the U.S. and Their Implications for Demographic, Immigration, and Labor Market Policymaking*, Center for Labor Market Studies, Northeastern University, Boston, 2001.

economic recovery, native-born young adults will likely face intense competition from older native-born workers and immigrant workers, especially at the low skill end of the labor market.

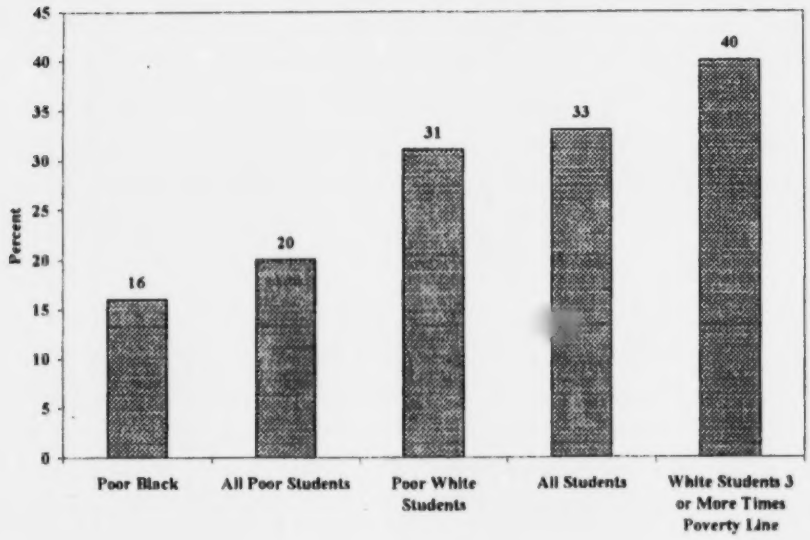
Third, while real GDP in the fourth quarter increased more strongly than expected (1.7%), most national economic forecasts do not project substantial new growth in real output until the second quarter of 2002 at the earliest, and the recovery is expected to be mild in the early stages due to the abnormal strength of private consumption spending during the recession. With labor productivity rising more rapidly than experienced in any recent recession, little aggregate job growth will likely occur over the current year, and unemployment rates are projected to exceed 6% this year. Under these labor market circumstances, young adults will not likely see any substantive improvement in their employment rate until early 2004, especially given the high growth rates in their population numbers.

The Consequences

The official young adult unemployment rate of 12% in early 2002 was only one-half of the estimated Great Depression level of 24%, but the current unemployment rate also counts only one-half of the youth who past experience demonstrates would work if sufficient jobs were made available. Even in 1999, near the peak of the economic cycle when the overall unemployment rate was at a 30 year low of just over 4%, the unemployment rate for young school dropouts was over 14% while another 8.5% were discouraged workers, i.e., wanting a job but not actively seeking one because of their conviction that none were available to them given their limited skills, and another 6.5% were working part-time for lack of available full-time jobs. Another 23% of these young adult dropouts were working full-time for less than $320 per week, placing a total of 52% of them in labor market difficulty. Those who had graduated from high school but had not gone on to complete any post-secondary schooling were suffering the same general incidence of low wages and only slightly less involuntary part-time employment but were experiencing substantially less unemployment, placing 42% of them in labor market difficulty. At the same time, unemployment rates for high school dropout young adults were doubled to 28% in high poverty census tracts, with other employment opportunity shortcomings showing similar multiplications.

The official U.S. Bureau of Labor Statistics' definition of unemployment includes only those persons currently available for work and actively seeking work, but responses to the labor force questions are usually reported by the adult householder contacted by the Current Population Survey interviewer rather than by the youth themselves. Youth usually find jobs informally and seek them when and where they have reason to expect them to be available. Many jobless youth find other things to do when job prospects dim and are therefore often not counted as officially unemployed. Yet they frequently flood into the labor market when jobs are offered to them. For example, in the 10 states with the strongest labor markets for youth in calendar year 2000, 75% of all 16-24 year-olds were either employed or actively seeking work. Yet during that year, in the 10 states with the lowest levels of work opportunities for young adults, only 52% were either employed or actively seeking jobs. Employment rates among in-school and out-of-school youth also vary considerably across metropolitan areas, central cities, and non-metropolitan areas. Among the nation's high school students in March 2001, employment rates ranged from a low of 16% for poor Black youth to a high of 40% for White youth living in families with incomes 3 or more times the poverty line.

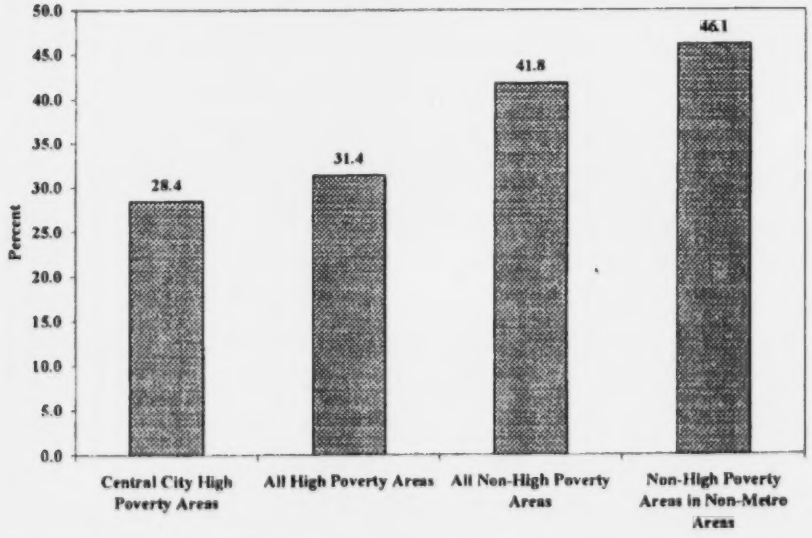
Chart 3:
Employment Rates of 16-24 Year Old High School Students in the U.S., March 2001



Teen-aged youth living in the nation's largest central cities are typically much less likely to work than their counterparts in the suburban portions of those same metropolitan areas, and, within those central cities, youth living in high poverty neighborhoods are least likely of all to work. For example, in the fourth quarter of calendar year 2001, the employment/population ratios of the nation's teenagers ranged from a low of 28% in high poverty neighborhoods of central cities to a high of 47% in non-poverty neighborhoods in non-metropolitan areas.[6]

There is no reason to think that youth in less robust economies and more economically depressed times want to work any less than those in more prosperous situations. If this more realistic measure of desired labor force participation is used, the nation's young adult jobless counts and rates would double. At the end of 2001, under this expanded definition, there were 26.5 million youth in the potential pool of labor force participants who would work if jobs were available to them, but only 19.6 million were employed in any type of job. In other words, there were 6.9 million "disemployed" compared to the 2.6 million counted as officially "unemployed." Thus, the "disemployment rate" among young adults at the end of calendar year 2001 was a depression level 26.5%.

Chart 4:
Employment Rates of Teenagers in Selected Geographic Areas of the U.S., Fourth Quarter 2001



[6]These findings are based upon the CPS household surveys for the October-December period of 2001. The U.S. Bureau of Labor Statistics' definition of high poverty neighborhoods includes those census tracts with a person poverty rate of 20% or higher at the time of the 1990 census.

Some would argue that jobless youth should not be considered the economic equivalent of jobless adults. Only one in five 16-24 year olds is a primary breadwinner (head of household) compared to one-half of older workers. On the other hand, a dollar of family income is no less important because it was earned by a youth, and many jobless young adults live in low income households. Forty percent of youth live in households with incomes below two times the poverty line compared to only one-fourth of older workers. One-third of the nation's families headed by a 16-24 year old were poor or near poor in calendar year 2000 as were nearly one-half of them where there was at least one own child present in the family. In addition, the younger non-employed are much less likely to have a safety net available to them when they fall into joblessness. Nearly one-half of the unemployed 25 and over received unemployment benefits in 2000, but only 7 to 8 percent of the younger unemployed were so fortunate. It should also be remembered that more than one-half of the youth in the ranks of the disemployed were not counted as unemployed. The nation also has far fewer subsidized jobs available for jobless youth today than in the past. In 1980, there were nearly 2 million youth employment, service and training slots available under the Comprehensive Employment and Training Act (CETA). Today under the Workforce Investment Act (WIA) there are less than one-tenth of that number.

But there are more serious considerations than immediate earnings loss. Idle hands for youth are indeed the devil's playground. Rising youth joblessness has long been correlated with rising crime, drug and alcohol use, and births out of wedlock.[7] Of course, only a minority of out-of-work young adults will burn out, get arrested or become pregnant, but all will experience a life-long reduction in employment and earnings from reduced work experience. The evidence is conclusive that each additional year of work experience pays off in higher wages and lifetime earnings. The person with more cumulative weeks of work in the past is likely to continue to work and earn more in the future.

[7]For a review of the links between crime and youth labor market problems, see: Richard Freeman, "Why Do So Many Young American Men Commit Crimes and What Might We Do About it?" *Journal of Economic Perspectives*, Winter 1996, Vol. 10, No. 1, pp. 25-44; Jeff Grogger, "Criminal Opportunities, Criminal Activities, and Young Men's Labor Supply," Working Papers, Department of Economics, University of California, Santa Barbara, 1997.

Earlier babysitting or lawn mowing leads to earlier summer work, to earlier part-time jobs after school, and to earlier entry jobs after leaving school, hence to earlier career jobs with advancement tracks. A year less of youth work experience may mean only 2 or 3% less earnings each year thereafter but still represent $30,000-$40,000 in lower lifetime earnings.

Needed Responses

Given the high rates of idleness among many young adults (men, women, teens and 20-24 year olds, in-school and out-of-school youth, Whites, Blacks, and Hispanics), the U.S. Congress and the Bush Administration should take immediate steps to provide a jobs creation program for the nation's young adults as a supplement to the recently enacted economic stimulus package which totally ignored their needs. That job creation initiative should be followed by strong new initiatives in providing them with a workable second chance at a meaningful education and the acquisition of substantial and marketable occupational skills. The time for strong, bipartisan action on behalf of the nation's young adults is now, while such actions can accelerate employment recovery among them. Well designed and administered job creation programs for young adults can expand net employment opportunities for them in a cost effective manner, increase their purchasing power, enhance their human capital skills, reduce social pathologies, and provide valuable pubic services. But the realities of 21st Century labor markets are that few workers without substantial postsecondary employment preparation or apprenticeship and formal training will ever rise far beyond poverty. Employability development activities must be added to the employment stimulus. Meanwhile, during the time necessary to devise and implement such job creation and employability development programs, the largely untold story of jobless youth needs to receive wider coverage from the nation's media as well as strong actions from national, state, and local workforce development leaders and the youth employment community.

What Has and Has Not Worked in the Past?

But many employment and training programs for disadvantaged youth have a negative reputation which must be addressed before positive political action can be expected. As Robert Lerman has pointed out, policy-makers and the public are much more demanding of evidence for success in programs for disadvantaged youth than for those in the mainstream.[8] He uses as evidence to support his contention the fact that more than $16 billion were appropriated by the federal government in 1998 to support those enrolled in college without questioning any of the outcomes compared to less than $1.7 billion for employment and training programs for out-of-school youth with a constant demand for evaluation to prove their worth.

The Negatives

Particularly devastating were the results of an early 1990s national evaluation of the outcomes of the Job Training Partnership Act (JTPA) programs for out-of-school youth in which the evaluators compared the labor market results on behalf of treatment groups with the simultaneous experiences of control groups who were not enrolled in the programs.[9] The youth component of that evaluation study estimated the educational, employment and earnings outcomes from program participation for out-of-school, economically disadvantaged 16-21 year-olds. While control group members could not receive JTPA-sponsored services, they could have and frequently did receive employment and training assistance from other sources. Only 53% to 62% of the treatment group took advantage of at least one form of education, training or employment experience, a rate which was only 25 percentage points higher than the utilization of similar services by members of the control

[8]Robert I. Lerman, "Employment and Training Programs for Out-of-School Youth: Past Effects and Lessons for the Future," in Burt S. Barnow and Christopher T. King (eds.), *Improving the Odds: Increasing the Effectiveness of Publicly Funded Training*, Washington, D.C.: The Urban Institute Press, 1999, pp. 185-208.

[9]Larry L.Orr, Howard S. Bloom, Stephen H. Bell, Fred Doolittle, Winston Lin and George Cave, *Does Training for the Disadvantaged Work? Evidence from the National JTPA Study*, Washington, D.C.: Urban Institute Press, 1996.

group. The average member of the treatment group spent only an additional 180 hours in training or related services as a result of their access to JTPA. The net expenditures on the youth treatment group were quite modest, i.e., less than $2000. The results were disappointing. The impacts on the attainment of high school diplomas and GEDs were positive but modest. The male participants had a lower rate of high school graduation as a result of their participation than the controls-30% to 37%. For females, JTPA participation raised graduation rates to 42.3% compared to only 31.7% for the control group. Enrollment in the JTPA programs did not reduce the arrest rates of the participants. There was no positive impact on the earnings of the enrollees and those JTPA male youth who were arrested during and after their enrollment had even lower mean earnings than arrestees among the control group.

A longer-term follow-up study tracking enrollee's labor market experiences for five years revealed the existence of positive earnings gains for out-of-school youth in the last year. There were several possible explanations for these limited results. For instance, while the treatment group were in training, controls were working more during the period, giving the latter group temporary earnings and work experience advantages. The average enrollment period was only 15-20 weeks-not enough for generating any substantial differences in skills acquisition. All of the time spent in enrollment was not necessarily spent in skill enhancement and little was spent in acquiring work experience. But the bottom line was that there was no evidence of payoff to the public investment. Congress chose to cut the JTPA budget for youth programs accordingly.

Similarly, a National Supported Work Demonstration during the 1970s tested the impact of work experience on several groups of hard-core unemployed workers, including youth dropouts. The project placed workers in construction, manufacturing, business services and clerical jobs with graduated stress, peer support, and close supervision. During the first three months after enrollment, over 90% of the treatment group had jobs, compared with only 29% of the controls. Dropout youth produced output valued at over three times what they would have earned in the absence of the program. However, during the follow-up period after the program had ended, the control group for young high school dropouts was able to work and earn as much as the treatment

group. The $4,000 per participant costs exceeded the benefits of the program.[10] A follow-up study eight years later found participating adult women to have experienced significant longer-term gains but not youth.[11]

During the 1980s, a nonresidential equivalent of the Job Corps called JOBSTART was undertaken at 13 sites, offering participants basic skills education with self-paced learning, classroom occupational training accompanied by hands-on experience in high demand occupations, and training-related supports such as child care, transportation and job placement assistance. JOBSTART enrollees spent many more hours in education and training activities than controls during the first year but the margin narrowed during the second year and there was little difference during the final two years. The treatment group ended up with more GEDs and trade certificates than the controls but the controls obtained modestly more high school diplomas. With the exception of males with previous criminal involvement, participation made little difference in employment, earnings, reduced child-bearing or criminal activity.[12] A few sites with strong training ties to local employers did produce positive earnings impacts.

The Positives

But not all of the remedial youth program experience has been negative. The more expensive Job Corps offering education, training, health and other services in a residential setting has been considered a sound investment ever since its initial evaluation during the 1970s.[13]

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[10]Rebecca Maynard, *The Impact of Supported Work on Young School Dropouts*, New York: Manpower Demonstration Research Corporation, September 1980; Peter Kemper, David A. Long, and Craig Thornton, *The Supported Work Evaluation: Final Cost-Benefit Analysis*, New York: Manpower Demonstration Research Corporation, September 1981.

[11]Kenneth A. Couch, "New Evidence on the Long-Term Effects of Employment and Training Programs," *Journal of Labor Economics*, October 1992, 380-88.

[12]George Cave, Hans Bos, Fred Doolittle and Cyril Toussaint, *JOBSTART: Final Report on a Program for School Dropouts*, New York: Manpower Demonstration Research Corporation, October 1993.

[13]Charles Mallar, Stuart Kerachsky, Craig Thornton, and David Long, *Evaluation of the Economic Impact of the Job Corps Program, Third Follow-up Report*, Princeton, N.J.: Mathematica Policy Research, September 1982.

Recent impact evaluations have shown continued positive results, including a wide range of positive schooling, criminal justice and employment and earnings impacts among the approximately 72,000 youth enrolled at any point in time in Job Corps programs during the late 1990s.[14] Most were engaged in classroom training at their centers of residence, but substantial numbers experienced on-the-job training in national forests and on public lands, many of the latter currently employed as construction equipment operators in private construction.

In the late 1970s, the Youth Incentive Entitlement Pilot Projects (YIEPP) guaranteed part-time jobs during the school year and full-time jobs during the summer to poor youth in selected cities and rural areas who stayed in school or returned to school if they had already dropped out. The program was very successful in improving employment rates for youth, in keeping many youth in school and attracting many back to school, and having increased their earnings by an average of $10 per week in the early post-program period. However, it was less successful in keeping them in school until graduation, with only 47% of the black 19-21 year-olds among those involved having graduated from high school as of 1981.[15]

Additional positive findings come from the experience of the more than 110 National Association of Service and Conservation Corps programs currently enrolling over 23,000 primarily low income young adults providing some 15 million hours of service in year-round and summer programs in 31 states and the District of Columbia. With no single source of funding, the NASCC or Corps, as it calls itself, garners funds as it can from federal, state and local grants and service contracts and from foundation and individual grants and contributions-$308 million nationwide for 2000. Guided by adult leaders who serve as mentors as well as supervisors, corps members work in crews of 8-12 to carry out a range of conservation, urban infrastructure and human service projects. For their services, the youth receive a minimum wage-based stipend, classroom training in basic competencies (often contributing to

[14]Peter Schochet, John Burghardt and Steven Glazerman, *National Job Corps Study: The Short-Term Impacts of Job Corps on Participants' Employment and Related Outcomes*, Mathematica Policy Research, Princeton, 2000.

[15]Andrew Hahn and Robert Lerman, *What Works in Youth Employment Policy?*, Washington, D.C.: National Planning Association, 1985.

high school diplomas and GEDs), on-the-job experiential and environmental education called "work-learning," generic and technical job skills training, a wide range of supportive services, and, in some cases, a post-service educational award. A recent experimental/control group evaluation by Abt Associates and Brandeis University concluded that participation in the Corps resulted in significant employment and earnings gains, declines in high risk behavior, a one-third drop in arrest rates and a substantial decline in out-of-wedlock pregnancies.[16] That same study demonstrated that operating costs of $9,540 per enrollee resulted in $2,313 of additional earnings to each enrollee and $7,824 of value of services to society for a net gain of $597 per enrollee to the public.[17]

YouthBuild is another promising program for young adult rehabilitation.[18] Currently funded at under $100 million a year from a combination of federal and state government grants and private foundation grants and contributions, over 130 YouthBuild projects in 34 states currently enroll 6,000 low-income 16-24 year olds in housing construction and rehabilitation coupled with attendance at what are essentially alternative high schools. Activities geared to community development and increased supplies of affordable housing are coupled with education, skill training, work experience, and leadership development for troubled and dropout youth as core objectives of the program. The projects typically engage 30 to 50 young people full-time for 12 months with alternate weeks at the construction site and in school. The youth are paid a stipend which starts at $5.35 an hour for their on-site work experience with periodic increases to $6.50 an hour plus $50 per week for lunch and transportation during their school attendance. They also receive a $25 bonus for each two-week period of perfect attendance offering a possibility of $7855 in stipends and bonuses for 12 months. A supportive mini-community is created with each student having a personal counselor, participating in program government through a youth policy council, participating with a peer group in a variety of commu-

[16]JoAnn Jestraub, John Blomquist, Julie Marker and Larry Orr, Promising Strategies for Young People and their Communities, Abt Associates, Report No. 1-97.

[17]Ibid.

[18]Dorothy Stoneman, "Winning Support," in Marion Pines (ed.), The 21st Century Challenge: Moving the Youth Agenda Forward, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, November 2000, pp. 109-18.

nity service activities, and continuing in alumni clubs and various ongoing supports. The ultimate goals are entry-level positions or apprenticeships in construction, alternative career paths or continuance into higher education, as well as continuance in the pursuit of neighborhood and community leadership activities.

Prior to their enrollment in YouthBuild, 47% of the 1998 program year participants were already parents, 39% were on public assistance, 31% were adjudicated, 18% had been convicted of a felony, 22% were residents of public or subsidized housing and 79% had no high school diploma or GED. Outcome data for 1998 revealed that 60% of the participants had graduated after an average stay of 7.9 months; 43% of those who needed them had obtained high school diplomas or GEDs; 85% of the graduates had been placed in college or in jobs with wages averaging $7.53 an hour; 84% of those were still working or in school.[19] The programs are locally operated, each with its own local board of directors. Energetic, entrepreneurial local leadership with vision and commitment is sought. Program units are kept small to maintain personalized contact among leaders and participants. Objective goals and standards are set and maintained nationally and locally regarding recruitment, attendance, retention, leadership skill attainment, wage levels, and job and college placement. Flexibility in program management is preferred to bureaucracy, creative leadership is pursued, and central coordination is balanced with democratic input from local leaders. In the words of YouthBuild founder and national director, Dorothy Stoneman:

> "There is an element of soul, of faith, of humanistic passion, an understanding that love in action is what will make the difference, regardless of the religious persuasion of the adults involved, that provides a necessary underpinning to ventures that are going against the grain of society's prejudices and injustices. Effective intervention with the population that has been marginalized by poverty, racism, and past mistakes seems to need this element of

[19]Dorothy Stoneman and Fatma Marouf, "YouthBuild," in Marion Pines (ed.), Making Connections: *Youth Program Strategies for a Generation of Challenge, Commendable Examples from the Levitan Youth Policy Network*, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Policy Issues Monograph 99-02, April 1999, pp. 9-28.

heart and soul. Taken together, these factors characterize a decentralized, rapidly moving set of programs that multiplies local leadership, is infused with deep personal commitment, and focuses on obtaining results without fearing change."[20]

Other successful though smaller and often totally local programs for out-of-school youth could be identified such as the Center for Employment Training, the Quantum Opportunities Program, Youth Fair Chance, Community Change for Youth Development, HOPE, the Gulf Coast Trades Center and many activities of AmeriCorp.[21]

The Basic Principles

Over the past few years, the Levitan Youth Policy Network has studied these and other successful youth and young adult programs and identified a list of essential requirements. These requirements have been distilled into seven principles, most of which in varied format the Network was able to persuade national policymakers to incorporate into the Youth Council requirements of the Workforce Investment Act of 1998:

Principle 1: Each young person needs to feel that at least one adult has a strong stake and interest in his or her labor market success.

Principle 2: Each young person must sense three things:

- that the initiative or program has strong and effective connections to employers;
- that placing the young person into a paid position with one of those employers as soon as possible is of the highest priority, and
- that the initial job placement is one step in a continuing and long term relationship with the program or initiative to advance the young person's employment and income potential.

[20]Ibid. p. 26.

[21]Findings on these are described in the Burt Barnow, Christopher King and Marion Pines volumes cited earlier in this paper.

Principle 3: Each young person must feel at each step of the way the need and opportunity to improve his or her additional skills and certification.

Principle 4: Each young person must feel that the program or initiative will provide support and assistance over a period of time-perhaps up to several years-that may include several jobs and several attempts at further education.

Principle 5: Effective connections are needed between the program and external providers of basic supports, such as housing, counseling, medical assistance, food and clothing.

Principle 6: The program requires an "atmosphere" buttressed by specific activities that emphasizes civic involvement and service-in short, an extension of practical caring beyond self, family and friends.

Principle 7: Motivational techniques are needed such as financial and other incentives for good performance, peer group activities, and leadership opportunities.[22]

These basic principles should continue to undergird policies concerned with the futures of all of America's young adults, but especially those whose backgrounds place them at a competitive disadvantage in the nation's labor markets.

[22]For further discussion of these principles, see: Gary Walker, "Out of School and Unemployed: Principles for More Effective Policy and Programs," in Andrew Sum, Stephen Mangum, Edward deJesus, Gary Walker, David Gruber, Marion Pines and William Spring, *A Generation of Challenge: Pathways to Success for Urban Youth, A Policy Study of the Levitan Youth Policy Network*, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Policy Issues Monograph 97-03, June 1997, pp. 73-85.

Policy Alternatives

If the under-prepared and underutilized among America's young adults are not to be left wallowing in a veritable economic depression, the logical approach is to provide them jobs in which they can gain income and work experience as well as provide valuable services to their communities and to the public at large. But since such jobs are unlikely to provide a direct route to career employment offering family-sustaining earnings, it is important to assure that the initial job comprises but a first step on a continuing career ladder to upgrade their long-term employability and productivity.

The Findings of Past Public and Other Subsidized Job Creation Programs

The New Deal, the War on Poverty, and the Carter administration's youth crusade all proved that we can effectively combat the jobs deficits of young adults. Between 1978 and 1980, the federal government, working with state and local government, the non-profit and for-profit sectors, created over a million additional employment, service and training opportunities for youth, doubling the already significant build-up from the 1964-committed War on Poverty. At its peak, nearly two-fifths of all employed, low income minority youth under the age of 22 worked in these jobs.

Well-designed and administered youth job creation programs can also yield a valuable flow of products and services. Many of the valued creations of the Great Depression-era work relief programs-CCC, CWA, PWA, WPA, and NYA—are with us yet, Ronald Reagan National Airport being only one of many examples. Members of several of the authors' families were engaged in all of these programs and one author was personally employed on two of the above projects with crucial contributions to family survival. The Civilian Conservation Corps and the National Youth Administration from that list were specifically for youth and young adults, with CCC members primarily engaged in rehabilitating national forests and other public lands and the NYA providing a variety of construction and maintenance services in communities and schools in a time of deep depression when youth had few other alterna-

tives. The Public Service Employment component of the Comprehensive Employment and Training Act (CETA) made significant though less permanent contributions to community well-being during the 1970s.

A strong bipartisan commitment to the creation of additional job and educational/ training opportunities for America's Forgotten Half-those young adults not completing two or four year degrees-could also contribute to a strengthening of political interest and civic engagement among those under 25. A recent analysis by the Center for Information and Research and Civic Engagement and Learning of voting rates of the nation in the 2000 presidential election revealed that fewer than one-third of those under 25 bothered to vote.[23] This was a far lower turnout than the 50% voting rate of that same age group in the early 1970s when the under 21 group was given the right to vote. By giving jobless youth even more attention than the Enron scandal was given, the nation's political parties might even contribute to a rejuvenation of civic and political commitment among the nation's young adults. The future vitality of our democracy would clearly be strengthened by such a rejuvenation.

Careful studies of the value of the outputs produced by participants in past youth employment and demonstration programs frequently concluded that society got at least "a day's work for a day's pay," i.e., society received useful services and community improvements equal to the value of wages paid to participants.[24] Research also indicated that

[23] See: Richard Morin, "A Record Low and No One's Cheering," The Washington Post National Weekly Edition, January 18-20, 2002, p. 36.

[24] For reviews of the rationales for past public service employment programs and evidence of the value of the outputs produced by participants in youth PSE and work programs, see: Timothy J. Bartik, *Jobs for the Poor: Can Labor Demand Policies Help?* New York: Russell Sage Foundation, 2001; Peter Gottschalk, "The Impact of Changes in Public Employment of Low-Wage Labor Markets," in Richard B. Freeman and Peter Gottschalk (eds.), Generating Jobs: How to Increase Demand for Less-Skilled Workers, New York: Russell Sage Foundation, 1998; Peter Kemper, David A. Long, and Craig Thornton, *The Supported Work Evaluation: Final Benefit-Cost Analysis*, Vol. 5, New York: Manpower Demonstration Research Corporation, 1981; Public/Private Ventures, *Ventures in Community Improvement: Final Report of a Demonstration*, Philadelphia: PPV, 1987; Sheera McConnell, *The Value of the Output and Services Produced by Students While Enrolled in Job Corps*, Princeton: Mathematica Policy Research, Inc., 1999.

community service jobs were typically "net new" jobs, i.e. there was little displacement of youth from other jobs or substitution for other workers.[25] Because youth were paid less than older adults and worked in entry positions, it proved easier, quicker, and more cost effective to create jobs for youth than adults. Some of the future "pay" for youth participants could also be in the form of education and training investment accruals which can have a double payoff, both immediate and in the future. Finally, several impact evaluation studies showed that there often were positive (albeit modest) post-program employment, education and training impacts which can increase when work is mixed with or conditioned on learning activities.[26]

Concerns that public service employment programs under CETA might be plagued by fraud and abuse often proved exaggerated. Occasional efforts by mayors to use PSE recipients to perform services which would otherwise have been provided by city employees on city payrolls were identified. But overall "fraud and abuse," however defined, was estimated to account for no more than 2% of total PSE expenditures.[27]

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[25]See for examples: David Zimmerman, *A Study of the Value of Output in 17 Youth Employment Programs*, Report #21, U.S. Department of Labor, Washington, D.C., 1978, and Andrew Hahn and Robert Lerman, *What Works in Youth Employment Policy*, Committee on New American Realities, Washington, D.C., 1985.

[26]For evidence on the early post-program impacts of the YIEPP demonstration and urban conservation corps, See: (i) George Farkas, Randall Olsen, et.al, Post-Program Impacts of the Youth Incentive Entitlement Pilot Projects, Manpower Demonstration Research Corporation, New York, 1984; (ii) JoAnn Jestraub, et.al., Promising Strategies for Young People...

[27]Sar A. Levitan and Frank Gallo, *Spending to Save: Expanding Employment Opportunities*, Washington, D.C.: the George Washington University Center for Social Policy Studies, May 1991.

Policy Solutions

Most of those job creation programs that were so significant to young adults during the "stagflation" years of the mid to late 1970s were eliminated during the early 1980s in the mistaken belief that the vibrant "new economy" would solve youth unemployment problems and abolish or at least substantially ameliorate future recessions. Now we know better. The U.S. Congress in recent education legislation has taken the pledge to "leave no child behind." We should do no less for the nation's teens and young adults.

Employment Potential

Of the availability of useful public projects, there is no doubt. There are 7 or 8 million poor elementary and high school kids who could use a tutor or mentor. There are 3 million poor elderly who could benefit from care and personal attention. There are 3 million teachers and 4 million nurses who could be helped by an aide. There are thousands of miles of city streets that can be better serviced and made secure. There are hundreds of airports, thousands of public buildings and monuments, and thousands of miles of city streets, which could be made more secure with the labor provided by young adults. There are 7 million acres of public parks, 4 million miles of highways, and millions of miles of lakes and river front which should be better maintained. There are millions of trees to be planted, meals to be served, homeless to be helped, and faith-based, community and charity groups to be assisted.

That out-of-school and out-of-work young adults are awaiting employment opportunities and would flock to such service efforts is equally beyond doubt. As already documented, over 40% of white middle class youth in high school are currently employed, mostly part-time. Nearly, one million jobs would be required to provide that same opportunity to all high school youth, regardless of race or family income status. To bring 16-24 year old out-of-school dropouts and high school graduates having no further education to an 80% employment rate, which has been surpassed by youth in the same age group with some post-secondary schooling, would require another 2.5 million jobs. Another 400,000 jobs would be needed to boost the employment rate of

all 16-24 year old college students to that of White college students in families with incomes more than 2 times the poverty line. Each of these numbers will rise considerably over the coming decade as the young adult cohort increases in size through 2008. Obviously, a young adult job creation program offering 4 million employment opportunities is not in the political cards, but it is worth knowing the potential need while considering the political as well as economic constraints on funding for such a program. Reducing young adult joblessness from a "depression" to a recession level should be politically possible, however. One million youth jobs could accomplish that objective and any substantial proportion thereof could make a useful contribution to that cause.

Jobs for America's Young Adults

That the tasks undertaken by a young adult job creation program would provide public services does not necessitate that those who perform the tasks must be on a public payroll. Those one million or less public service jobs could best be provided and administered under the oversight of the State and Local Youth Councils established and directed by the State and Local Workforce Development Boards created by the Workforce Investment Act of 1998. Appropriations for that purpose should be allocated among the states on the basis of a two-part formula: (a) their proportion of the number of the nation's jobless 16-24 year old young adults and (b) their share of the nation's 16-24 year olds living in households with incomes under 200% of the federal poverty level.

Those funds should be granted on a request for proposals basis to not-for- profit organizations, private sector employers, and public agencies manifesting the Levitan Center's seven principles incorporated in WIA and offering programs combining the effective employment and employability development services noted earlier. The funds received by those WIA entities for job creation should be allowed to be used to provide paid internships and subsidized jobs, including on-the-job training slots, for participating agencies from the private non-profit and for-profit sectors. The use of private sector work sites will facilitate an expansion of the occupational and industrial range of jobs obtained by youth, the types of skills that they can acquire on the job, and their ability to move into unsubsidized employment when they leave the program.

Past studies of job creation programs for in-school youth that provided private sector as well as public sector work sites found that youth and independent assessors rated private sector jobs more highly in terms of the quality of the work provided and the ability to learn new skills.[28] Private firms' responsiveness to these varying wage subsidies was fairly high.[29] Private sector firms are typically in a better position to move youth into unsubsidized positions after these periods of internship or tryout employment. Strong program performance measures and accountability standards must be established at the local and state levels, whoever the actual employers of the youth might be. After the first contract received by each such organization, support should continue only upon proven performance, bringing both improved skills and education and rising wages to those passing through young adulthood.

To provide those jobs, Congress should add to the 2002 economic stimulus effort a Jobs for America's Young Adults (JAYA) program provided through a Youth Job and Economic Opportunities Act of 2002. Despite the documented need for at least 4 million employment positions for young adults, we recommend an initial program providing 500,000 to one million such job slots over the entire nation. Since, as discussed below, retention in and return to school will be encouraged, one half of those jobs should be part-time and the remainder full-time. Given the long passage of time since the federal minimum wage was last updated, an average of $8 an hour for the full-time jobs and $7 an hour for the part-time jobs should be a reasonable nationwide average, though the Youth Councils should be given the flexibility to lower that hourly rate of pay in order to enroll more young adults in communities where prevailing wages are lower.

Funding for the job creation program should be allocated among the states according to their proportion of the nation's total out-of-school,

[28] See: Joseph Ball and Carl Wolfhagen, *The Participation of Private Businesses as Work Sponsors in the Youth Incentive Entitlement Demonstration,* New York: Manpower Development Research Corporation, 1981.

[29] See: (i) Joseph Ball and Carl Wolfhagen, The Participation of Private Businesses as Work Sponsors... (ii) Robert I. Lerman, Creating Jobs for Disadvantaged Youth: A Synthesis of Youth Job Creation Demonstration Projects, Center for Employment and Income Studies, Heller School, Brandeis University, March 8, 1983.

out-of-work 16-24 year olds as of the most recent available national CPS data. No less than ten percent of total wages and salaries for participants should be allowed for administration and supervision, another 20% should be allocated to payroll taxes and employment benefits, with another 20% devoted to an education and training incentive trust fund, put aside for each youth and available only to pay tuition and other costs incident to such education and training, should the youth accept the challenge to continue career preparation. On that basis, each employment slot on an annualized basis would cost $22,424 for the full-time participants and $11,212 for those working one-half time. The total cost for one million such jobs divided equally between half-time and full-time jobs would amount to approximately $16.7 billion per year, about the same amount currently spent annually by the Temporary Assistance for Needy Families program of welfare reform. One-half million such jobs for a year would cost about the same amount ($8.3 billion) as the currently advocated 13 week federal extension of state unemployment compensation, an income source few young adults have access to, as previously noted.

Assuming the 2001-2002 recession is indeed in the past, young adult joblessness should decline, though with a lag and perhaps, like the past recovery, not satisfactorily. Though the 500,000 to 1 million jobs solutions may not continue as either necessary or politically supportable, the need for some substantial job creation effort on behalf of this susceptible population has been persistently demonstrated over at least the past four decades. Now is an appropriate time to add to the youth provisions of the Workforce Investment Act currently funded at approximately $1.4 million a permanent Jobs for America's Young Adults (JAYA) program supported at $1 billion per year to be adjusted hereafter on the basis of subsequent experience

Employability Development

But job creation by itself is not enough for many and perhaps most of the young adults who would be served by such programs. In fact, one year of public service employment would probably leave most disadvantaged participants with little long run gain unless significant investments in employability development are added. A basic reality of 21st Century labor markets is that it will be very difficult for anyone without substantial postsecondary education or formal skill training to ever

obtain and maintain a family-sustaining earnings level. The 2001-2002 recession may be already a passing phenomenon, but due to changing demographics and the historic weaknesses of private sector job creation for some groups of youth, the young adult job opportunity shortage will be of longer duration, outside of brief periods of unusual and unsustainable booms such as that which arose during the last few years of the 1990s. Without the additional employment opportunities so far advocated, few dropouts and jobless high school graduates will be won back to the employability development table.[30] But the future requires that both sets of activities-job creation and employability development—be combined. YouthBuild, Job Corps, NASCC, the Houston YOA program, the school-to-career programs of the Boston Private Industry Council and other exemplary programs already cited must become the norms. They are advocated because they not only provide jobs and incomes and add substantially to community services, but they all endorse and include long-term employability development for participants as well.

Each such program should be adaptable to local labor market realities and the needs of the local youth population, though guided by common principles. There must be a strong commitment to public service with the flexibility of not-for-profit and non-governmental initiatives. There must also be a combination of public responsibility, commitment by youth to both work and personal employability development, strong private sector support, and unbounded creativity. But there must also be an integral relationship between the employment opportunities of the labor market and the developmental activities in the classroom and learning laboratory.

Among the strengths of the youth programs cited is that each encourages its graduates to continue on a career path including other forms of employability development. Each young adult who was employed full-time for one full year in the JAYA program would have accumulated nearly $3000 in an employability development trust fund and each half-

[30]The problems of rising youth joblessness are not confined to the United States. For instance, see the recent reports on France and Japan. See: (i) Carol Matlack with Christina White and John Rossant, "France: Who Speaks for Youth," Business Week, April 22, 2002, pp. 48-50; (ii) James Brooke, "Young People feel Chill in Japan's Hiring Freeze," *The New York Times*, April 1, 2002.

timer would have accumulated one-half that amount. Most of those individuals would also be eligible for Pell Grants and other education and training assistance. Training durations of Workforce Investment Act programs are becoming too short to generate adequate wages and the available funding is too limited to train sufficient numbers, though, of course, all that is available should be used as effectively as possible. But Pell Grants especially have the advantage that they are entitlements. Anyone meeting the low income eligibility requirements and enrolling in an eligible program must by law be provided a grant which currently amounts to $3750 for full-time, academic year enrollment. Adding the JAYA trust fund and making it available only for the pursuit of further career preparation will provide strong economic incentives to continue upward on promising career ladders.

To set each disadvantaged young adult's foot securely on such a career ladder and start him or her on an upward climb, the first of the Levitan principles cited above (which is also the 8th program element of the Youth Services requirements of the Workforce Investment Act)—the close mentorship of at least one adult who has a strong stake and interest in his or her labor market success—will have to be supplied if it is not already present from family or friends. If that young adult is not a high school graduate, pursuit of such a diploma or a GED will have to be undertaken as a precedent for further career preparation, preferably during JAYA employment. Thereafter, Workforce Investment Act youth or adult funds—depending on age—can begin preparation for a more skilled and better paid next job. But that WIA step may or may not provide adequate preparation for long-term employment at family-sustaining wages. Whether or not it does depends upon the training occupation chosen, how thoroughly the youth prepares, the initial post-training placement and the on-the-job training or learning which can be expected to occur thereafter. The likelihood is that further education and training will be required, which Pell Grants, vocational rehabilitation (if the individual happens to be eligible for it), or state and locally available education and training support can pay for. JAYA trust fund earnings will be both a financial and a psychological support in these efforts. The continued adult mentoring will also be vital to decision-making and encouragement.

Only then will the economic future of more of those young Americans not blessed with affluent parents be assured.

"...be ye doers of the word and not hearers only."

(James, Ch. 1, v. 22)

The creation of an immediate 500,000 to one million additional jobs for the nation's young adults offers the potential for reducing idleness rates and the social pathologies that accompany them, increasing the purchasing power of unemployed young adults who lack any government safety net to cushion the effects of joblessness, provide valuable public services to their local communities and neighborhoods, learn occupational skills and work habits on the job, and acquire further literacy, education or training off the job to improve their future earnings prospects. Past experience with youth job creation and PSE programs suggests that these programs can be efficiently administered and yield outputs commensurate with costs. Fraud and abuse can be minimized through proper program design, management, and careful monitoring.

Besides, as President Franklin D. Roosevelt once remarked about the New Deal's job creation programs, "Better the occasional faults of a government that lives in a spirit of charity than the consistent omissions of a government frozen in the ice of its own indifference."[31]

[31]These remarks of FDR appear in the following biolgraphy of the late President: James MacGregor Burns, Roosevelt: The Lion and the Fox, Harcourt, Brace and World, New York, 1956.

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